

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF DIRECTORS OF THIRD LAGUNA HILLS MUTUAL
A CALIFORNIA NON-PROFIT MUTUAL BENEFIT CORPORATION

February 19, 2008

The Regular Meeting of the Third Laguna Hills Mutual Board of Directors, a California non-profit mutual benefit corporation, was held on Tuesday, February 19, 2008 at 9:30 A.M. at 24351 El Toro Road, Laguna Woods, California.

Directors Present: Cynthia Conners, Carol Moore, Dominic Burrasca, John Paulus, Jim Matson, Don Lippert, Isabel Muennichow, Gunter Vogt, Larry Souza, Bob Hatch, Stanley Feldstein

Directors Absent: None

Others Present: Cris Trapp, Patty Fox, Bill Hart of HKC (9:30 A.M. – 10:23 A.M.), Janet Price (11:22 A.M. – 11:41 A.M.)
Executive Session: Patty Fox, Cris Trapp

CALL TO ORDER

Director Cynthia Conners, President of the Corporation, chaired the meeting and stated that it was a regular meeting held pursuant to notice duly given and that a quorum was present. The meeting was called to order at 9:30 A.M.

A moment of silence was held to honor the US Troops serving our country and those placed in harm's way.

PLEDGE OF ALLEGIANCE

Director Jim Matson led the Membership in the Pledge of Allegiance to the Flag.

ACKNOWLEDGEMENT OF PRESS

Cheryl Walker from the Laguna Woods Globe, and by way of remote cameras, the Laguna Woods Village Channel 6 Camera Crew were acknowledged.

APPROVAL OF AGENDA

Without objection, the Agenda was approved as amended by moving *2374-A Approval of request for tree removal at the Mutual's expense* from the Landscape Committee Consent Calendar to under the Landscape Committee Report for action; and removing Agenda Item *11(d) Entertain Motion to Remove from Table Motion to Approve Procedures for Reserve Withdrawals*, referring it to the Finance Committee.

CHAIR'S REPORT—Cynthia Conners

President Conners addressed the Membership on a letter she received from an attorney representing some Third Mutual residents desiring a recall of three (3) Board Directors.

Bill Hart, Esq. gave a presentation on the Directors' fiduciary duty to the Corporation on the treatment of confidential documents and the Board's potential exposure to liability should such documents be disclosed to non-Third Board Members.

Mr. Hart addressed written questions from the audience. President Connors advised that any remaining unanswered questions will be answered at a later time by Mr. Hart and will be posted on the website.

Mr. Hart left the meeting at 10:23 A.M.

APPROVAL OF THE MINUTES

The Board reviewed the Minutes of the Regular Meeting of January 15, 2008.

Mr. Feldstein commented on attaching President Connors' comments to the January 15, 2008 minutes. Mr. Feldstein agreed to accept a copy of her comments, in lieu of attaching it to the Minutes.

Director Feldstein made a motion to revise the Landscape Committee Charter as approved by the Board at the January 15, 2008 Meeting.

President Connors ruled the motion out of order.

Without objection, the Board agreed to refer the resolution back to the Landscape Committee for further review.

Without objection the minutes were approved as submitted.

THIRD MUTUAL MEMBER COMMENTS

- Rose Tingle (2266-A) commented on the Mutual's tax money being spent to euthanize cats and encouraged the residents to lobby for an animal shelter
- Shari Horne (2354-3C) invited the residents to attend the Garden Villa Association meeting
- Jerry Sheinblum (3488-C) announced the next CCA Town Hall Meeting
- Lilly Lachter (3211-B) commented on Bill Hart's statement that Directors' have a duty to the Corporation
- Andy Cmiel (5581-A) questioned why there is a negative atmosphere in the Community and stated that he was very happy with PCM's service
- Karel Brouwer (3189-C) commented on continuous termite infestations
- Harriet Arnest (4010-1A) commented on the need for extended gym hours
- Carol Skydell (3070-B) commented on Bill Hart's statement that Directors' have a duty to the Corporation
- Carol Price (5017) commented on Bill Hart's presentation
- Margo Bauer (2370-1E) commented on needless lawsuits filed by a small group of people, costing the Community lots of money
- Gene Ryan (3361-O) commented on Third Mutual taking a lead in the Community

DIRECTOR COMMENTS AND RESPONSES TO MEMBER COMMENTS

- Director Matson commented on the Directors' fiduciary duty to the Corporation
- Director Burrasca addressed Ms. Arnest's comment on additional gym hours

- President Connors commented on Bill Hart's statement re Directors' duty to the Corporation
- Director Moore commented on disruptions from the audience, differences in opinion, work performed on the slope at Gate 9, and wasting money
- Director Souza commented on agreeing to disagree
- Director Feldstein agreed with Director Moore re expenditures, attorney's fees, confidential documents, and being restrained due to confidentiality requirements
- Director Hatch responded to Director Moore's comment on saving money and indicated that such savings came from canceling the Mutual's earthquake insurance coverage, and commented on the ability as a Board to overrule whether or not a document should be marked confidential
- Director Muennichow commented on confidentiality

GENERAL MANAGER'S REPORT

In Mr. Johns' absence, Ms. Cris Trapp updated the Board on GRF's Recreation Needs Assessment and announced the date for the final workshop; reported on GRF's authorization to establish a Communications Plan to respond to misinformation and attacks on the Board and the Managing Agent; and provided an update on the San Sebastian project.

Ms. Janet Price entered the meeting at 11:22 A.M.

TREASURER'S REPORT

Director John Paulus reported on the Treasurer's Report and Resale & Lease Activities.

The Secretary of the Corporation, Director Larry Souza, read the following proposed resolution on approving the Payment Plan Standards for Delinquent Assessment Payments:

RESOLUTION 03-08

WHEREAS, §1367 of the California Civil Code provides an option for homeowners who are delinquent in their association dues to submit a payment plan to their Board of Directors;

NOW THEREFORE BE IT RESOLVED, April 15, 2008, the Board of Directors of this Corporation hereby adopts the attached Payment Plan Standards for Delinquent Assessment Payments; and

RESOLVED FURTHER, that the officers and agents of this corporation are hereby authorized on behalf of the corporation to carry out the purpose of this resolution; and

RESOLVED FURTHER, that Resolution 03-05-35 adopted November 15, 2005 is hereby superseded and cancelled.

Director Souza moved to approve the resolution. Director Paulus seconded the motion and discussion ensued.

Director Muennichow made a motion to amend the Payment Plan Agreement by inserting the words "by the Board of Directors" in the last sentence of the third payment option, just before the words "for an extension." Director Feldstein seconded the motion and the motion carried unanimously.

Director Muennichow made a motion to table the resolution as amended to the April Meeting to satisfy the required statutory thirty-day notice requirements. The motion was seconded and carried unanimously.

Director Paulus made a motion to dissolve the Ad Hoc Committee to Review Disciplinary Procedures and Monetary Penalties. Director Moore seconded the motion and the motion carried unanimously.

Ms. Price left the meeting at 11:41 A.M.

COMMITTEE REPORTS

Director Jim Matson reported from the Maintenance and Construction Committee.

The Board waived the reading of the following proposed resolution approving the use of Electronic Personal Assistive Mobility Devices in the Community:

RESOLUTION 03-08

WHEREAS, Third Mutual desired an evaluation of Electronic Personal Assistive Mobility Devices (EPAMDs), as defined by the State of California, to ensure equal treatment of both existing and emerging technologies affecting safe personal transportation needs of its members and adult guests; and

WHEREAS, of particular interest is an EPAMD with the commercial name of "Segway," and

WHEREAS, the Segway meets the state of California's definition of an EPAMD; and

WHEREAS, The State of California encourages the use of EPAMDs in an effort to reduce the state's traffic and air pollution problems and declares that the EPAMD is part of the state's program to use no-emission vehicles;

NOW THEREFORE BE IT RESOLVED, April 15, 2008 that the Board of Directors of this Corporation hereby allows the use of Electronic Personal Assistive Mobility Devices (EPAMDs) within the Mutual, with the following contingencies to which each operator of such device shall agree to:

- 1) Operate the EPAMD at a speed that is reasonable and prudent but never faster than 4.5 MPH on sidewalks and crosswalks in the community;

- 2) Not operate an EPAMD at a speed that endangers the safety of persons or property, or with willful or wanton disregard for the safety of persons or property;
- 3) Operate an EPAMD in such a way as to yield the right-of-way to all pedestrians on foot, including persons with disabilities using assistive devices and service animals that are close enough to constitute a hazard;
- 4) Operate the EPAMD only on sidewalks and cross walks in the Community,
- 5) Indemnify, defend and hold harmless GRF, the housing mutuals and their agent for loss arising out of the ownership, maintenance or use of the EPAMD, and
- 6) Abide by all state and local laws and community rules
- 7) The owner and/or operator shall be responsible for safe use of the device and will be responsible for complying with all safe use measures recommended by the manufacturer or any other regulating body

RESOLVED FURTHER, that in order to endeavor to ensure safe operation of the devices, an annual permit shall be required for operation of EPAMDs on sidewalks in the community, which shall include:

- 1) A written statement signed by the operator's physician that the operator has consulted with their physician and that they are in satisfactory health to operate the EPAMD. Medical consultation is at the member's cost
- 2) Proof of Homeowners' Liability Insurance, Personal Liability Insurance, or Personal Umbrella Liability Insurance, with limits per person or combined single limit of not less than \$500,000 per occurrence.

RESOLVED FURTHER, that a one time permit processing fee of \$10.00 shall be charged to the applicant at the time of original application; and

RESOLVED FURTHER, that the use of roller skates, in-line skates and any skateboard-based scooters within the Community shall be prohibited; and

RESOLVED FURTHER, that Resolution number 672, adopted January 7, 1977 is hereby superseded and cancelled; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

A motion was made and seconded to approve the resolution.

Without objection, the motion was tabled to the April Meeting to satisfy the required statutory thirty-day notice requirements.

February 19, 2008

Without objection, the Board waived the reading of the following proposed resolution approving revised Mutual Alteration Standard Section 17–Gates:

RESOLUTION 03-08

WHEREAS, the Board of Directors of this corporation adopted Resolution M3-96-28 on May 21, 1996, which approved the Third Laguna Hills Mutual Alteration Standards, (revised April, 1996); and

WHEREAS, the Maintenance & Construction Committee of this Corporation recognizes the need to further amend a portion of the alteration standards with regard to Section 17 – Gates;

NOW THEREFORE BE IT RESOLVED, April 15, 2008, that Section 17 – Gates of the Mutual Alteration Standards is hereby amended as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that the officers and agents of this corporation are hereby authorized on behalf of the corporation to carry out the purpose of this resolution; and

RESOLVED FURTHER, that Resolution M3-96-28, adopted May 21, 1996 is hereby amended.

A motion was made and seconded to approve the resolution and discussion ensued.

Director Muennichow made a motion to amend section 3.9 to read “That the Board may require that a landing be constructed to be even with the grade of the patio.” The motion failed due to the lack of a second.

Director Souza made a motion to refer the Alteration Standard back to the Standards Sub-Committee. Director Lippert seconded the motion and discussion ensued. The motion carried without objection.

Without objection, the Board waived the reading of the following proposed resolution approving new Alteration Standard Section 42-Ramps:

RESOLUTION 03-08-

WHEREAS, this Corporation recognizes the need to establish a policy to address the proper installation and maintenance of Ramps;

NOW THEREFORE BE IT RESOLVED, April 15, 2008, the Board of Directors of this Corporation hereby approves the new Mutual Alteration Standard, Section 42 Ramps, as attached to the official minutes of this meeting; and

RESOLVED FURTHER, that Resolution M3-96-28, adopted May 21, 1996 is hereby amended; and

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

Director Souza made a motion to approve the resolution. The motion was seconded and discussion ensued.

Mutual Member Denny Welch (5517-1C) commented on the resolution.

Director Matson made a motion to table the resolution to the April Meeting to satisfy the required statutory thirty-day notice requirements. The motion was seconded and carried unanimously.

Director Carol Moore reported on the pilot recycling program.

Director John Paulus reported from the Garden Villa Recreation Room Ad-Hoc Committee.

Director Don Lippert reported from the Standards Sub Committee.

Director Jim Matson reported from the Plumbing Ad Hoc Committee.

The Board recessed at 12:20 P.M. and reconvened at 12:28 P.M.

President Conners reported from the Board Operating Rules Ad Hoc Committee.

Director Gunter Vogt reported from the Landscape Committee.

The Board considered the request of 2374-A for tree removal.

Director Moore made a motion to approve the request at the Mutual member's expense. The motion failed due to the lack of a second.

Director Souza made a motion to approve the removal at the Mutual's expense. Director Vogt seconded the motion and the motion carried by a vote of 9-1-0 (Director Moore opposed).

Director Bob Hatch reported from the Long Range Planning Committee.

Mutual Members Denny Welch (5517-1C) commented on placing information booklets on the website; Bob Ring (5530-B), on behalf of the City, addressed the Board on the City's Long Range planning

Director John Paulus reported from the Resident Information Services.

Director Dominic Burrasca reported from the Traffic Committee.

CONSENT CALENDAR

Director Vogt made a motion to remove item 5532-A - *Approval of request for landscape modifications at the Mutual member's expense* from the Landscape Committee Consent Calendar. Director Lippert seconded the motion and the motion carried unanimously.

Director Vogt made a motion that Board approves the request at the Mutual's expense. Director Lippert seconded the motion.

Mutual Members Louise Doslu (5532-A) and Bob Ring (5530-B) addressed the Board on the request.

By a vote of 9-0-1 (Director Muennichow abstained) the motion carried.

President Connors explained the items on the Consent Calendar for the television audience. Absent objections, the Consent Calendar was approved as amended and the following actions were taken:

Maintenance & Construction Committee Recommendations:

5236	Approval of appeal request for bench installation at the Mutual's expense
3126-D	Denial of request to retain satellite dish on roof
3136-D	Approval of request for rear patio extension, with contingencies
3136-D	Denial of request for widening driveway
3177-B	Approval of request to extend rear patio and construct room addition, with contingencies
3196-C	Approval of request to install white vinyl window shutters to living room window, with contingencies
3521-C	Approval of request to remodel front entrance portico, perform window alterations, and extend front and rear patio, with contingencies
5341-A	Approval of request for rear patio extension and rear patio extension with room addition and bathroom, with contingencies

Landscape Committee Recommendations

2296-B	Approval of request for tree removal at the Mutual's expense
3315-C	Denial of request for plant replacements
3347-B	Denial of request for tree removal
5532-A	Approval of request for landscape modifications at the Mutual member's expense
5559-B	Approval of request for tree removal at the Mutual member's expense

Finance Committee Recommendation

RESOLUTION 03-08-13

WHEREAS, Member ID 934-902-22 is currently delinquent to Third Laguna Hills Mutual with regard to the monthly assessment; and

WHEREAS, a Notice of Delinquent Assessment (Lien) will be filed upon adoption of this resolution following at least a majority vote of the Board (with no delegation of such action by the Board), acting in an open meeting, and for which the Board's vote is recorded in the minutes;

NOW THEREFORE BE IT RESOLVED, February 19, 2008 that the Board of Directors hereby approves the recording of a Lien for Member ID 934-902-22; and

RESOLVED FURTHER, that the officers and agents of this corporation are hereby authorized on behalf of the corporation to carry out the purpose of this resolution.

OLD BUSINESS

Without objection, the Board waived the reading of the revised Mutual Committee Appointments resolution. Director Vogt made a motion to approve the resolution and the motion was seconded.

By a unanimous vote, the motion carried and the Board of Directors adopted the following resolution:

RESOLUTION 03-08-14

RESOLVED, February 19, 2008 that the following persons are hereby appointed to serve on the committees and services of this Corporation; and

RESOLVED FURTHER, that each committee chair in consultation with the vice chair may appoint additional members and advisors with interim approval by the President subject to the approval of the Board of Directors:

Finance

John Paulus, Chair

Bob Hatch, Vice Chair

Larry Souza

Carol Moore

Stanley Feldstein

Advisors: Allen Cohen, Ernestine Hewitt, Jim Hart

Laguna Canyon Foundation Representative

Gunter Vogt

Landscape

Gunter Vogt, Chair
Carol Moore, Vice Chair

Bob Hatch

Jim Matson

Isabel Muennichow

Larry Souza

Voting Advisor: John Dudley

Non-Voting Advisor: Linda Wilson

Long Range Planning

Bob Hatch, Chair

Isabel Muennichow, Vice Chair
Carol Moore

Voting Advisor: Dan Anglin

Maintenance and Construction (Committee of the Whole)

Jim Matson, Chair

Don Lippert, Vice Chair

Dominic Burrasca

Cynthia Conners

Stanley Feldstein

Bob Hatch

Isabel Muennichow

Carol Moore

John Paulus

Larry Souza

Gunter Vogt

Advisor: Rich Haskell

New Resident Orientation

Per Rotation List

Plumbing Ad Hoc Committee

Dominic Burrasca, Chair

Larry Souza, Vice Chair

Resident Information Services

John Paulus

Dominic Burrasca

Rules & Admin Procedures Ad Hoc Committee
Committee of the Whole

Select Audit

Stanley Feldstein

John Paulus

Standards Sub-Committee

Don Lippert, Chair
Jim Matson, Vice Chair

Traffic

Dominic Burrasca
Larry Souza
Don Lippert

RESOLVED FURTHER, Resolution 03-07-96, adopted October 16, 2007 is hereby superseded and canceled.

Without objection, the Board waived the reading of the revised GRF Committee Appointments resolution.

Without objection, the Board of Directors adopted the following resolution:

RESOLUTION 03-08-15

RESOLVED, February 19, 2008 that, in compliance with Article 7, Section 7.3 of the Golden Rain Foundation Bylaws, adopted May 2006, the following persons are hereby appointed to serve on the committees of the Golden Rain Foundation:

Business Planning

John Paulus
Bob Hatch

Bus Services Committee

Dominic Burrasca
Jim Matson

Broadband Services Committee

Stanley Feldstein
Don Lippert

Community Activities

Isabel Muennichow
Carol Moore

Finance

John Paulus
Bob Hatch

Government and Public Relations

Isabel Muennichow
Dominic Burrasca

Landscape Committee

Gunter Vogt
Carol Moore

Maintenance and Construction

Jim Matson
Larry Souza (replace Don Lippert)

Security and Community Access

John Paulus
Dominic Burrasca

RESOLVED FURTHER, Resolution 03-07-116, adopted December 18, 2007 is hereby superseded and canceled.

Director Lippert made a motion to remove the following resolution regarding Board authorization requirements from the table and refer it to the Rules and Procedures Committee:

RESOLUTION 03-08-

WHEREAS, it is the policy of this Board of Directors to prohibit any director or officer from representing this corporation in any corporate transaction without the express approval and authorization of the board of Third Laguna Hills Mutual;

NOW, THEREFORE, BE IT RESOLVED, February 19, 2008 that no officer or director may take any action in representation of Third Laguna Hills Mutual until this board of directors has adopted a resolution approving and authorizing such action; and

FURTHER RESOLVED, that all officers and employees of the Managing Agent shall adhere to the policy herein set forth.

Without objection, the resolution was removed from the table and referred to the Rules and Procedures Committee.

NEW BUSINESS

President Connors read a letter from Attorney Howard Neufeld who was hired to advise Third Mutual concerning the intended recall of three Directors and requested a meeting with herself and Director Feldstein to resolve the issues.

The Board of Directors addressed their comments and concerns with the meeting request and President Conners' recommendation that the Board retain an attorney to represent the targeted Directors.

Mutual Members Barbara Marsh (3433-B), Pat Feeney (2399-1E), and Denny Welch (5517-1C) commented on the meeting request.

Director Souza made a motion to authorize President Conners to select a small delegation to meet with resident member John Heiney without any attorneys present on either side. Director Paulus seconded the motion and discussion ensued.

Mutual Member Lilly Lachter (3211-B) commented on the motion.

By a vote of 8-0-2 (Directors Lippert and Feldstein abstained), the motion carried.

Without objection, the Board agreed to allow Director Paulus to attend the meeting as well.

The Board waived the reading of the resolution appointing Directors to the GRF Gate Beautification Ad Hoc Committee. Director Souza made a motion to approve the resolution. The motion was seconded and discussion ensued.

Mutual Members Ernestine Hewitt (2289-B) and Bud Nesvig (2392-3H) addressed the Board on the resolution.

Without objection, the Board amended the resolution to add the words "and instruct them to vote per Board direction" at the end of the third paragraph.

By a vote of 9-0-1 (Director Moore abstained) the motion carried as amended, and the Board of Directors adopted the following resolution:

RESOLUTION 03-08-16

WHEREAS, on February 5, 2008 the Golden Rain Foundation Board of Directors established a Gate Renovation Ad Hoc Committee in order to determine a scope of work for its Gate Beautification Project; and

WHEREAS, such ad hoc committee shall consist of the committee makeup as described in Article 7.1.1. of the Golden Rain Foundation bylaws;

NOW THEREFORE BE IT RESOLVED, February 19, 2008 that the Board of Directors of this Corporation hereby appoints the following members to the GRF Gate Renovation Ad Hoc Committee *and instruct them to vote per Board Direction*:

Gunter Vogt
Jim Matson

February 19, 2008

RESOLVED FURTHER, that the officers and agents of this Corporation are hereby authorized on behalf of the Corporation to carry out the purpose of this resolution.

Due to time constraints, and without objection, the Board agreed to defer the following agenda items to the March Meeting:

- 23(d) Discussion Follow-up on Lease Restrictions
- 23(e) Discussion Re Filing Liens During Payment Plans
- 23(f) Discuss Letter from HKC Re Changes to Management Agreement
- 23(g) Discussion Re Recording Closed Session Meetings

GRF COMMITTEE REPORTS

Due to time constraints, no reports were made.

Director Comments

No comments were made.

The Board recessed for lunch at 1:42 P.M. and reconvened into Executive Session at 2:18 P.M.

During the January 15, 2008 Regular Executive Board Meeting, the Board postponed approval of the Minutes of the Regular Executive Meeting of November 20, 2007, the Report of the Executive Workshop Meeting of December 13, 2007, and the Regular Executive Meeting of December 18, 2007 to the February Meeting. The Board heard two (2) Regular Disciplinary Hearings and one (1) Appeal Hearing; approved to record Notices of Default for Member ID 933-190-66 and Member ID 934-901-54; authorized a delinquency write-off; and discussed other member disciplinary matters.

The Traffic Committee of the Board met in Executive Session on January 16, 2008 to discuss member disciplinary issues.

With no further business before the Board of Directors, the meeting was adjourned at 4:32 P.M.

Larry Souza, Secretary